

Legislation may help save Hayes-Lemmer

By Matt Whetstone, Cadillac News

CADILLAC - Legislation moving quickly through the state Senate could aid the sale of the Hayes Lemmerz foundry and save 400 jobs.

Senate Bill 798, primarily sponsored by Sen. Michelle McManus, R-Lake Leelanau, would create a rural retention credit with the Michigan Economic Growth Authority (MEGA). It would be available to rural businesses with more than 300 employees that are at risk of being closed with the work being sent out-of-state.

"Hayes Lemmerz supports the bill," said company spokesperson Marika Diamond. "Due to difficult market conditions, this would help make it economically viable for the purchase. Without this bill, it's likely a potential sale would not happen."

Hayes Lemmerz plant manager Chris Kraynak reiterated Diamond's statement.

The future of the Cadillac facility has been in question since the company announced it would either be sold or closed. When the company announced its second quarter results to investors in September, it reported a \$32.3 million loss from operations and a six-month net loss of \$78 million.

The loss from operations and net loss reflect an asset impairment and other restructuring charges of \$33 million, of which \$30 million arose from an asset impairment charge related to the Cadillac facility.

The iron foundry manufactures engine manifolds, steering knuckles and other case components, primarily for the automotive industry.

Cadillac City Manager Pete Stalker said he has been working for several months to find a solution to the potential loss of Hayes. That work has involved Gov. Jennifer Granholm, State Rep. Darwin Booher, R-Evart, and the Michigan Economic Development Corporation in addition to McManus.

Not only is the foundry one of the top 10 employers in the city, it is also the city's largest taxpayer and water and sewer user. The company also generates a number of spin-off jobs and is an economic driver in the community.

"This is absolutely key," Stalker said of the tax incentive. "Again, they're buying a business that has been struggling. With margins tight, this is key to make it economically feasible.

"Certainly with the help the state is bringing to the table, we're feeling better about it but there are still hurdles to get over yet," he said.

The incentive creates a payroll credit toward the Single Business Tax.

Stalker said he cannot talk about the potential purchaser and would not say if it is a local group.

McManus has not been working with Hayes-Lemmerz on the legislation.

With the tax credit, the group of investors would be able to buy the plant and maintain operations under a new name. It would allow a group of investors to purchase the facility and keep it in operations.

By next week, McManus said she hopes the bill will reach the governor's desk for approval. Stalker said the Hayes deal "is going to be made very soon."

mwhetstone@cadillacnews.com | 775-NEWS (6397)